



TOWN COUNCIL

Special Meeting

Town Hall
July 19, 2012
5:00 PM

At 5:07 p.m., Mayor Dora Sullivan, having established a quorum, called to order the Special Meeting of Town Council. In addition to Mayor Sullivan, present were Vice Mayor Bannon, Councilmen Godwin, Sullivan, Veber and Wendell and Councilwoman Natali. Also present were Town Manager Heather Arcos, Assistant Town Manager Bob Panek, Town Planner Tom Bonadeo, Treasurer Kim Coates and Town Clerk Libby Hume. There were about 20 members of the public in attendance including members of the Library Board and Friends of the Cape Charles Memorial Library.

Mayor Sullivan explained that the closed sessions were required to prevent disclosing the Town's offer to other potential purchasers, thereby starting a bidding war. Now that the Town Council was voting to accept the Bank's offer and enter into a contract, it could be made public.

Mayor Sullivan announced the business for the evening would be to discuss a real estate acquisition opportunity, its pros and cons and possible uses. After discussion, a motion was needed to adopt Resolution 20120719 – Acquisition of Bank of America property.

Heather Arcos stated that the Town Council had a unique opportunity to acquire the Bank of America building and three additional lots and pointed out the area on a map. Heather Arcos also reviewed the floor plans for the three-story building which was approximately 6,600 SQFT. Heather Arcos stated that the first floor was 3,000 SQFT and could be used possibly for the expansion of the Library. The computer lab could then be housed in the Library vs. the Cape Charles Christian School. The first and second floors were in move-in condition. The third floor consisted of offices which had not been used in years and would need some planning for the uses but could possibly be used for municipal offices. Previously, the former real estate committee assessed the two lots on Randolph Avenue for possible use as a parking lot for the downtown area but the bank was not interested in selling the property.

Heather Arcos went on to state that the Bank of America had agreed to sell the property to the Town for the price of \$200K, plus a maximum of \$8K for due diligence reports. A 10% non-refundable earnest money deposit, which amounted to \$20K, was required within 48 hours of contract signing and closing costs would add another few thousand dollars.

Mayor Sullivan stated that the Council had already discussed the pros and asked if anyone had any cons. Mayor Sullivan asked to go around the table for the Council to express their thoughts.

Councilman Wendell expressed his concern of the Town losing \$28K.

Councilwoman Natali stated that the Town would only lose the money if it backed out of the contract to purchase the property. The Friends of the Cape Charles Memorial Library were thrilled with the idea of moving the Library to the Bank of America building. The study conducted for the Library several years ago stated that even more space was ideal, but this could be an interim step towards the long term goal for the Library. There were many options available.

Councilman Veber added that 3,600 SQFT was more than twice the current space of 1,500 SQFT.

Heather Arcos stated that the Town could move the records currently stored at Bay Storage to the building as well and save about \$2,400 per year.

Councilwoman Natali added that all the furniture, two large vaults and a number of smaller safes were included in the sale. The building was also handicap accessible. There was a possible issue that the bath room would have to be adapted for handicap access. Councilman Sullivan stated that would be easy to accomplish.

Mayor Sullivan stated that the third floor could be used for the Municipal Center.

Heather Arcos stated that the access in the rear was important and an alley could be created to allow access for emergency vehicles.

Vice Mayor Bannon stated that the building, two lots and the alley for \$200K was a deal and that one could not buy a home in Cape Charles for that price. Vice Mayor Bannon went on to state that this was one of the best investments the Town could make and added that it could double the size of the Library and all the computers for the lab would be in the Library vs. the Cape Charles Christian School.

Councilman Godwin stated that he had visited other areas where businesses were located along alleys and added that many of the businesses in the Town only used about half of their space and if the alley were to be opened up, other businesses could go in to the back sides of the buildings.

Councilman Wendell stated that he liked the Library and the idea of expansion was exciting but a bit troublesome. Councilman Wendell commented on Councilwoman Natali's statement about this location being an interim step for the Library and asked what the first floor would be used for when the Library moved. Councilwoman Natali stated that it would be 10+ years before the Library would be moved again. Mayor Sullivan added that the building would always be the Town's property and there were a number of possibilities. Councilman Sullivan stated that at this point, the Town was looking at space to merely expand the Library to a space larger than its current location.

Councilman Wendell asked if the property had a fuel tank and whether the Town had checked into its condition. Bob Panek stated that the Town received an environmental report that showed the tank was in good shape and that it was being used for fuel to heat the building.

Councilman Wendell then asked about asbestos tile. Heather Arcos stated that this would be part of the information provided by the Bank of America. Once the contract was executed, the Town would have 30 days to review the various reports.

Councilman Godwin asked how much it would cost the Town to do all the inspections. Heather Arcos responded that all the inspections had already been done and would be provided by the Bank of America once the contract was executed.

Councilman Wendell asked whether the Code Official had filed a written report of his inspections. Heather Arcos stated that Code Official Jeb Brady had looked at the roof and provided a report.

Vice Mayor Bannon stated that the Council had toured the building earlier this week and had the opportunity to look at everything in the building and added that Councilman Wendell was not in attendance. Councilman Wendell responded that he could not make the meeting and added that the meeting times for Council were not convenient for people who work and should not start until after 6:00 p.m. Councilman Veber stated that this conversation needed to be done at another meeting since it was not the topic of the meeting.

Heather Arcos explained that the Bank of America offer came last Thursday afternoon, July 12th, and they wanted the Town's response by July 17th. She was able to extend the deadline until this evening so the Council could meet to discuss the issue.

Councilman Wendell stated that he liked the idea of the Town acquiring vs. disposing of property and that it was a stunning building and part of the fabric of Cape Charles. Councilman Wendell added that he saw a pattern developing where the Town was following the Bank of America's process for this deal with this evening's vote to move forward with a 30-day due diligence period all with no written comments from the Town's lawyer. In the private sector, you got legal advice before committing to a deal so you did not lose money. You got the reports first before moving forward.

Heather Arcos stated that legal counsel had reviewed the draft contract and would be adding some State statutory clauses to the contract.

Councilman Veber added that there was no need to accrue attorney fees if the Council was not interested in moving forward. The purpose of this meeting was to discuss whether Council was interested or not.

Councilwoman Natali stated that she understood that if Council decided to move forward tonight, it was to authorize the Town Manager, staff and Mayor to do the due diligence and report back to Council. If all works in the Town's favor, then we would authorize the Mayor to sign the contract and no money changes hands until the contract was signed. Bob Panek corrected that the 30-day due diligence period started after execution of the contract. Council was not voting today to sign the contract as it stood but voting to move forward with the review work with the attorney. The earnest money was due within 48 hours of contract signing.

Councilman Godwin asked what the worst case scenario would be. Bob Panek stated that up to the point of contract signing, there were no consequences. If the Town's attorney added clauses that the bank could not agree to, then nothing had been lost except the legal fees for contract review.

Councilman Wendell asked whether the property would have to be rezoned for a Library. Tom Bonadeo stated that a library was an accepted use in the C-1 Commercial Zone. Councilman Wendell asked whether the future use once the library moved out would be allowed.

Tom Bonadeo explained that four (4) parcels made up the property – the bank building, the parking lot which was 80' deep x 40' wide and two other lots along Randolph Avenue. If needed, the library could be expanded into the current parking lot for an additional 6,000+ SQFT. This was enough to accommodate the future needs of the Library.

Councilman Veber pointed out that the parking lot currently used by the residents, visitors, businesses, etc. was actually owned by the Calomaris family and not by the Town. The two lots on Randolph could be turned into parking for the downtown area.

Councilman Wendell referred to page 18 of the Comprehensive Plan noting that it stated that the Institutional Zone was for government, civic and community uses. The Library would fall under the Institutional Zone but he did not see any Institutional Zones on the Zoning Map. Councilwoman Natali explained that Institutional was not a zone but a designation of uses which was included in a number of zones. Tom Bonadeo added that the institutional designation was included in the C-1, C-2, C-3 and other zones.

Councilman Wendell asked if the Town had an estimate of the amount of money it would take to bring the building into full use, including the parking lots. Mayor Sullivan stated that the Friends of the Library had donors waiting for a building to be chosen. The Library was first, and then the other work for the possible Town offices would be done later.

Councilman Wendell went on to state that the first floor being ready for the Library and computer lab was exciting and asked whether the other work would be done in phases with no tax increases. Mayor Sullivan agreed that there would be no tax increase.

Councilman Veber added that if money were an issue, the current Library building could be sold and the money from the sale could be used to do the work in the Bank of America building. Councilman Wendell stated that the current Library building could be used for other uses as well.

Councilman Godwin asked whether, in the negotiations with the bank, if there was any indication of any others who were interested in the building. Mayor Sullivan stated that there were three other bidders and the Town was offered the opportunity to match the highest bid. Councilman Godwin remarked if another entity purchased the property, they could sell the other lots off and do whatever they wanted to the building. Mayor Sullivan agreed and added that houses could be built on those properties. Councilwoman Natali added that the only way to control what happened to the building and the other lots was for the Town to purchase the property.

Mayor Sullivan asked if there were any other questions.

Councilman Wendell asked if there was a repurchase clause in the Bank of America contract. Councilman Sullivan stated his confusion regarding this question and added that when he purchased his house, there was no repurchase clause and typically contracts did not contain such a clause. Vice Mayor Bannon added that the bank would not want to buy the building back.

Councilman Wendell asked what would happen if the Town bought the building and needed the money for something else. Mayor Sullivan stated that the Town could always sell the building, if needed.

Councilman Wendell stated that water was important and asked about the connection of the wells. Councilwoman Natali stated that the Town had not received the permit so could not do anything at this time regarding the wells. Councilman Wendell asked how the money would be replaced to connect the wells. Bob Panek responded that the connection charges for new connections were designed to pay for expansion and money would be accumulated to connect the wells when needed.

Vice Mayor Bannon suggested that Council move forward with a motion.

Motion made by Councilman Sullivan, seconded by Councilwoman Natali, to adopt Resolution 20120719 – Acquisition of Bank of America property.

Mayor Sullivan read Resolution 20120719 and asked for a roll call vote.

The motion was approved by majority vote. Roll call vote: Bannon, yes; Evans, yes; Natali, yes; Sullivan, yes; Veber, yes; Wendell, no.

Councilman Veber asked whether the Bank of America could open access to the building for the public to tour the building. Heather Arcos stated that she would talk to the bank representatives.

Motion made by Vice Mayor Bannon, seconded by Councilwoman Natali, to adjourn the Town Council Special Meeting. The motion was approved by unanimous consent.

Mayor Sullivan

Town Clerk